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BEFORE THE
HOUSE COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON NATIONAL SECURITY,
EMERGING THREATS AND INTERNATIONAL RELATIONS
ON THE
UNITED NATIONS OIL-FOR-FOOD PROGRAM

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Mr. Chairman, distinguished members of the Committee,

I welcome this opportunity to appear before you today to discuss the UN Security Council's management of the multilateral sanctions regime on Iraq, including the Oil-for-Food Program, and to share with you our thoughts on how sanctions regimes might be made more effective. I will also update you on the status of the Department's efforts to provide Congress access to documents related to these matters.

Mr. Chairman, let me start by discussing why the Iraq sanctions were imposed and why the Oil-for-Food Program was established. Four days after Iraq invaded Kuwait, the Security Council adopted Resolution 661 (1990) that imposed comprehensive trade and financial sanctions against the former Iraqi regime. The United States Government supported this measure as part of a larger strategy to force Iraq to cease hostilities and to withdraw its forces from Kuwait.

At the end of the Gulf War in April 1991, the Security Council adopted Resolution 687 (1991) that extended the comprehensive sanctions on Iraq to ensure that Saddam Hussein complied with the major provisions of the ceasefire. By retaining the sanctions, the Council also sought to deny Iraq the capability of re-arming or reconstituting its WMD and other military programs. The sanctions were not anticipated to remain in place for more than a year or two before Saddam Hussein complied.

We now know Saddam chose not to comply. By 1995, in the wake of deteriorating humanitarian conditions in Iraq, many in the international community called for an end to the restrictions, reflecting concern that the impact of the sanctions was being borne primarily by the innocent Iraqi civilian population. In April 1995, the Security Council adopted resolution 986 establishing the Oil-for-Food (OFF) Program to alleviate the serious humanitarian crisis while maintaining the comprehensive restrictive measures to deny Saddam access to items that he could use to again pose a threat to his neighbors and to the region.

The Sanctions Committee that was established under Resolution 661 in 1990 -- the 661 Committee-- monitored implementation of the overall sanctions regime on Iraq—and, after the adoption of Resolution 986, it also monitored implementation of the Oil-for-Food Program.

The 661 Committee-- like all sanctions Committees-- operated as a subsidiary body of the Security Council. Unlike the Council, decisions were made in the Committee on a consensus basis requiring the agreement of all members. In addition to providing general oversight of the Oil-for-Food Program and to monitoring member state compliance with the sanctions, the Committee, through each of its members, was also responsible for reviewing humanitarian contracts, oil spare parts contracts, and oil pricing submitted on a regular basis by Iraq to the UN for approval. The U. S. delegation was an active participant in all such reviews.

The efforts of the U.S. and the UK to counter or address non-compliance were often negated by other members' desire to ease sanctions

on Iraq. The atmosphere within the Committee, particularly as the program evolved during the late 1990's, became increasingly contentious and polemic. The fundamental political disagreement between members over the Council's imposition of comprehensive sanctions was often exacerbated by the actions of certain key member states advancing self-serving national economic objectives. In retrospect, although the consensus rule often stymied progress in the Committee, that same consensus rule helped the U.S. achieve its objectives in a number of critical ways. The imposition of a retroactive pricing mechanism and our ability to place "holds" on humanitarian contracts that contained potential dual-use items were both made possible by the use of the consensus rule.

Judging the success or failure of the Iraq sanctions depends on the view of their objectives. Clearly they failed to force the regime of Saddam Hussein to comply with its international obligations, but they did succeed in keeping Iraq from rebuilding its military capabilities after the Gulf War. As regards the Oil-for-Food Program, similar considerations apply. The major shortcomings of the Program have been widely documented in recent months. But the OFF Program did succeed in its humanitarian objective of ensuring that the Iraqi people were adequately fed, thus limiting the impact of the sanctions on them.

Mr. Chairman, the U.S. Government believes that sanctions, appropriately structured and targeted, and when accompanied by effective diplomatic and military pressure, whether they are imposed unilaterally or in concert with other nations, can serve as a valuable tool in minimizing threats to international peace and security. Sanctions can significantly restrict

access to arms, finances, and political support by international actors, while raising the personal costs to the leadership of targeted states. Sanctions are measures meant to induce a change in the policies and actions of targeted actors. However, sanctions are not a panacea. They depend for their full effectiveness on the ability and willingness of member states to implement them. Sanctions must be part of a larger strategy to address threats to international peace and security.

In the wake of the comprehensive sanctions regime previously imposed on Iraq, and given the history of the Oil-for-Food Program, we have identified a number of opportunities for improving the Security Council's use of multilateral sanctions. In particular, we believe:

(1) Member states must be held accountable for enforcing agreed-upon sanctions; (2) sanctions committees and the UN Secretariat's proceedings should be more transparent; and, (3) there must be more independent and effective oversight of UN operations.

Under the UN Charter, all member states are obligated to implement Security Council Chapter VII decisions. However, certain states, either through lack of capacity or lack of political will, or both, have in a number of instances failed to fulfill their enforcement obligations. If sanctions are to be more effective, the United States and its allies need to increase the pressure brought to bear on those governments that fail to abide by the binding multilateral measures adopted under Chapter VII by the Security Council. Every member state should be required to report on actions taken to enforce sanctions, including information on legislation enacted where

necessary, and administrative policies put in place that ensure a state is in full compliance with the decisions of the Council. Such certification should be done on an annual basis. When states fail to report, and, more importantly, fail to comply with the obligations to implement the measures authorized by the Council, appropriate follow-on actions, including subjecting the offending state to a possible loss of UN privileges or possible targeting for new measures, should be considered.

That said, certain unusual circumstances may require the Council to consider authorizing the possible modification of member state obligations to implement the measures it has imposed. Both the Jordanian and Turkish barter arrangements with Iraq violated UNSC sanctions against Iraq. But we recognized that both countries were acutely vulnerable to a cutoff of their trade with Iraq and that our strategic interests on balance argued against exposing them to that risk. Accordingly, the President on an annual basis waived the prohibition on USG assistance to violators of the sanctions and so notified the Congress. These were carefully considered, deliberate decisions. They are in no way comparable to the kind of corruption, bribery or kickbacks this committee or other investigative bodies are now looking at.

Mr. Chairman, a key obstacle currently preventing improved member state compliance has been the lack of sufficient capacity. This is particularly true in the context of border monitoring, where many states lack sufficient funds, technology, and well-trained personnel to prevent the movement across national boundaries of certain individuals and prohibited goods. As in the case of the former Yugoslavia, we should employ Sanctions Assistance Monitors to support and train national customs authorities and

border monitors to improve their compliance with relevant Council resolutions.

Mr. Chairman, increased transparency in the development and implementation of sanctions regimes is essential. UN Security Council sanctions committees should consider making minutes of committee meetings and committee reports available to all member states. There should be increased interaction and dialogue between each sanctions committee and member states, including through the participation of interested member states in committee meetings.

The UN Secretariat also must operate with greater transparency. More publicly available information concerning the UN Secretariat's operations and decision-making processes would help to strengthen program administration and allow member states to exercise appropriate additional oversight.

The UN's Office of Internal Oversight Services (OIOS) is responsible for evaluating the efficiency and effectiveness of the implementation of UN programs and mandates. In a U.S.-led initiative, the General Assembly this past December strengthened the regulations for OIOS reporting procedures by requiring the OIOS to make original versions of its reports available to member states upon request. This represents a significant step forward.

OIOS's current funding and staff levels are, however, inadequate to oversee a program on the scale of OFF. OIOS should be provided additional funding from proceeds of any similar sanctions regime to fund expertise in

auditing large-scale commercial operations and complex financial transactions.

Lastly, Mr. Chairman, you asked for an update on the status of ongoing Department efforts to review and declassify OFF related documents. The Department received numerous Congressional requests to provide documents, as well as requests from the Independent Inquiry Committee into the UN Oil-for-Food Program (IIC) and the Department of Justice. Freedom of Information Act requests have also been received. In response, the Department initiated a comprehensive search of its files, generating thousands of documents.

The Department has reviewed and processed a significant portion of these materials. We have provided copies of specifically requested documents to Congress and are continuing to make additional documents available on an ongoing basis. The Department has also provided the IIC access to documents identified as relevant to its ongoing investigation.

Mr. Chairman, thank you for this opportunity to appear before this Committee. I now stand ready to answer whatever questions you and your fellow Committee members may wish to pose.